



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



AUGUST 17, 1999

**Easing of Trade Sanctions.** Enduring months of poor economic conditions, U.S. grain farmers may finally have reason to feel a degree of optimism. A change in trade sanctions policy, announced last April by the Clinton Administration, seems to be finally becoming reality as Iran made its first purchase of 50,000 metric tons of U.S. corn early this month. The change in policy will allow the export of food, medicine, and medical equipment to the countries of Iran, Sudan, and Libya, with all transactions to be decided on a case-by-case base. The change in policy was followed only recently by the issuance of regulations by U.S. officials, governing the procedures and conditions of these exports. "We're very encouraged," states Gary McKinney, manager of international operations for the U.S. Grains Council, Washington, DC, a group focused on developing export markets. Since Iran is currently reported to be experiencing its most severe drought in 30 years, it is very possible that its import needs during the 1999/2000 marketing year may exceed 1 million metric tons of corn, according to McKinney. One aspect of the new regulations that concerns members of the industry, leaving them at a competitive disadvantage, is a provision preventing U.S. companies from dealing directly with Iranian banks. Changing that provision "would certainly make sales more straightforward," commented one industry member. Richard Bliss, president of Nikki Trading Company, whose application for the sale of U.S. farm commodities to Iran late last year is credited with initiating the change in trade policy, noted that the company may seek a change in this provision through the U.S. Treasury Department's Office of Foreign Asset Control. The provision is particularly frustrating for U.S. wheat traders, who face tighter global competition, than it is for U.S. corn traders, who dominate the world market. Another potential market which may soon open to U.S. grain producers is Cuba. Following a recent visit to that country, Senate Minority Leader Tom Daschle (D-SD) and Senator Byron Dorgan (D-ND) suggested that the 37-year-old trade sanctions be eliminated since "it serves neither the U.S. nor Cuba's interest to continue the embargo on vital supplies like food and medicine," according to Daschle. Information received from Cuban officials indicated that the current \$1 billion in annual imports may double during the next 5 years. Before easing any sanctions for food and medicine shipments, however, the senators emphasized that Cuba would need to make progress on economic reforms and improve its record on human rights. (*Bridge News 8/12, Reuters 8/12, 8/16, AP 8/16, Washington Times 8/17*)

**Farm Policy Changes Sought.** During recent visits with their agricultural constituents, Senator Kent Conrad (D-ND) and Senator Paul Wellstone (D-Minn) had the opportunity hear and respond to some of the concerns of the farming community and its economic survival under the current "Freedom To Farm" legislation. Meeting with farmers in northwestern Minnesota, Senator Wellstone was critical of "Freedom To Farm" and stated that large, ag-related businesses should face antitrust suits if they are operating under monopolistic conditions and exploiting farmers. Local officials spoke of the need to rally behind agriculture since it often provides the economic base for the community and will affect other businesses, ag-related or not. Senator Kent Conrad, meeting with a group of farmers near Grand Forks, ND, late last week, backed the idea of substantial long-term changes in U.S. policy. Senator Conrad proposed the Farm Income and Trade Equity Act (FITE), which would provide assistance loans and direct payments on wheat, corn, soybeans, feed grains, oilseeds, cotton, and rice and be equal to European subsidies. The program would also direct the U.S. Secretary of Agriculture to directly match the export subsidies of the European Union (EU). Conrad indicated that EU subsidies exceed those of the United States by 7 to 1, 60 to 1 for export subsidies. Conrad is hopeful that Congress will pass the proposal in the fall. (*Bridge News 8/14, AP 8/16*)

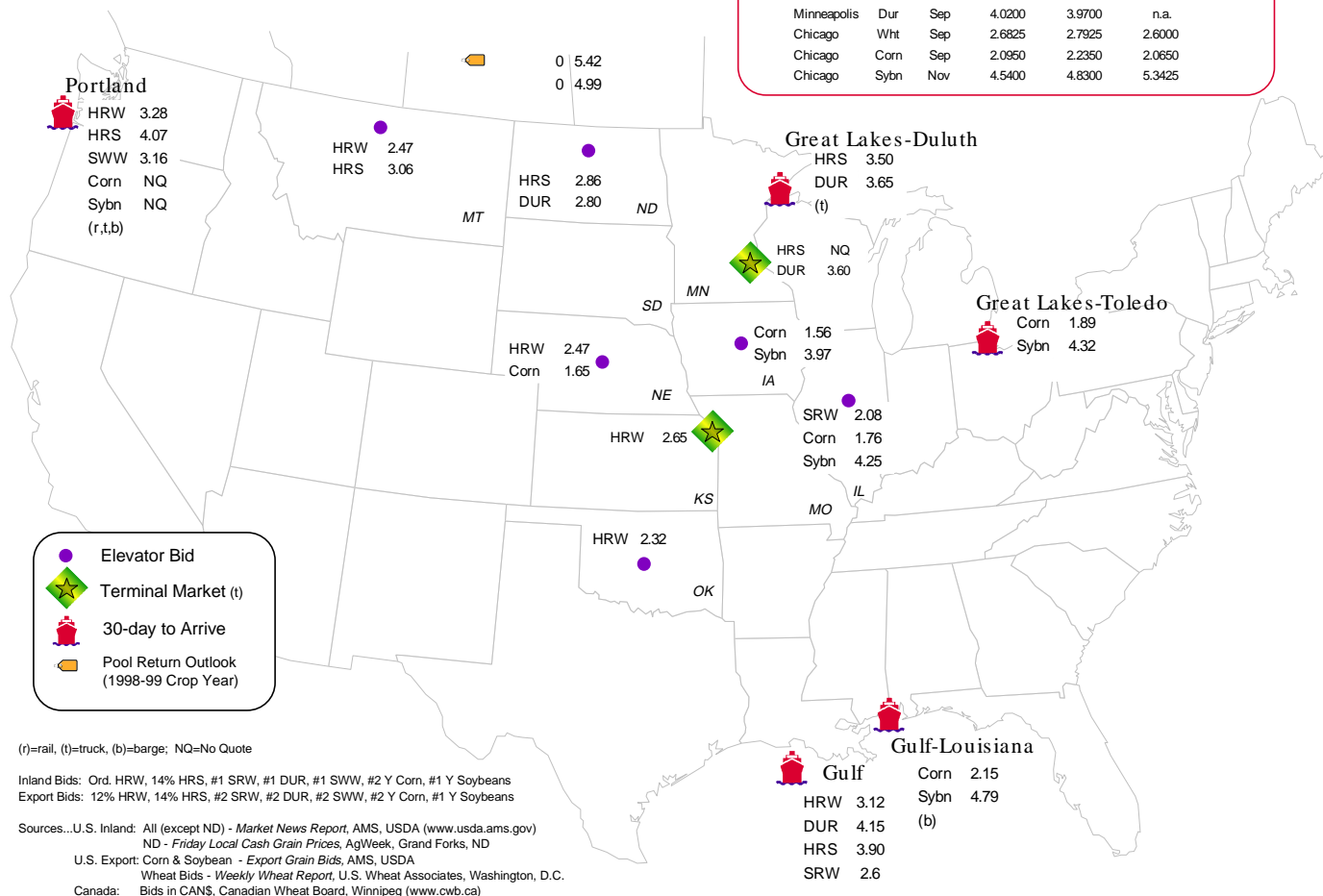
**Lack Of Grain Storage Appears Inevitable.** Severe drought conditions in certain U.S. regions will likely not help to alleviate a storage problem in areas of the upper Midwest. A large harvest of corn, soybeans, milo, and other crops, as well as a substantial carryover of wheat stocks, may cause a significant shortage of storage space. Producers in Kansas will begin "harvest with elevators which are half full or greater, which is not a good sign," according to Ned Bergman, chief of the examination division for USDA. Much of the potential storage problem will depend heavily on the weather, as drought or hail may significantly lessen the crisis. Nonetheless, despite the overabundance of grain, USDA reports a small price increase for some commodities due to tighter supplies on the global market and improved exports. For soybeans an increase of 20 cents per bushel is expected, while corn may have a modest increase of 5 cents per bushel. (*AP 8/12, 8/14*)

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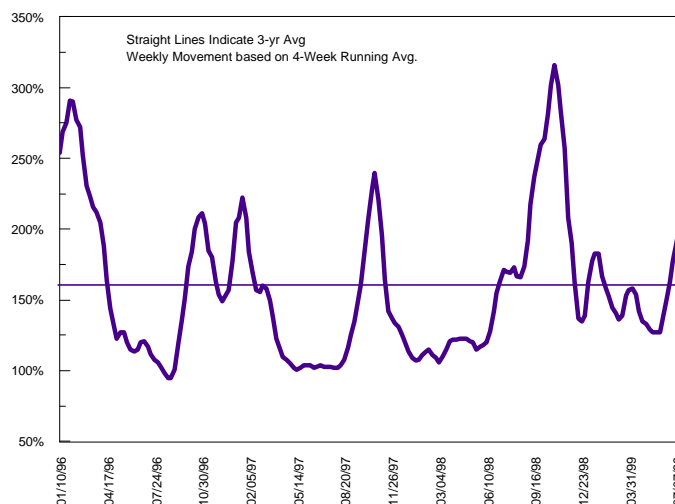
Report is prepared by Karl Hacker, Chambre' Malone, and Karla Martin Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at [www.ams.usda.gov/tmd/grain.htm](http://www.ams.usda.gov/tmd/grain.htm). E-mail comments to [GTR@usda.gov](mailto:GTR@usda.gov).

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Futures:			Week Ago	Year Ago
			08/13/99	08/14/98
Kansas City	Wht	Sep	2.9150	2.8025
Minneapolis	Wht	Sep	3.3275	3.3200
Minneapolis	Dur	Sep	4.0200	n.a.
Chicago	Wht	Sep	2.6825	2.6000
Chicago	Corn	Sep	2.0950	2.0650
Chicago	Sybn	Nov	4.5400	5.3425



## Index - Percent of Tariff Rate



The graph displays the average cost per car for three different trading strategies over a 27-month period. The Y-axis represents the average cost in dollars per car, ranging from \$0 to \$300 and down to (\$100). The X-axis represents the delivery month and year, from September 1997 to January 2000. A horizontal line at \$0 is labeled '\$0=1ariff Rate'. The three strategies are: BNSF-SWAP (black line with square markers), CP-GEEP (red line with triangle markers), and UP-POOL (blue line with circle markers). The UP-POOL strategy generally shows the highest costs, peaking at approximately \$230 in late 1997 and \$190 in late 1998. The BNSF-SWAP strategy shows the lowest costs, reaching a minimum of about (\$150) in early 1998. The CP-GEEP strategy shows intermediate costs, peaking at about \$150 in late 1997 and \$120 in late 1998.

Delivery Month-Year	BNSF-SWAP (\$/Car)	CP-GEEP (\$/Car)	UP-POOL (\$/Car)
Sep-97	80	110	110
Oct-97	180	150	200
Nov-97	180	120	230
Dec-97	130	100	220
Jan-98	70	60	140
Feb-98	-20	20	70
Mar-98	-90	-40	10
Apr-98	-130	-60	-30
May-98	-150	-50	-40
Jun-98	-30	-10	0
Jul-98	50	40	50
Aug-98	110	90	110
Sep-98	160	140	190
Oct-98	110	100	140
Nov-98	30	30	60
Dec-98	-10	-10	10
Jan-99	-30	-20	10
Feb-99	-40	-20	0
Mar-99	-45	-10	-10
Apr-99	-45	-10	-10
May-99	-20	0	0
Jun-99	-10	10	20
Jul-99	20	40	50
Aug-99	60	80	90
Sep-99	100	120	130
Oct-99	90	110	110
Nov-99	50	70	80
Dec-99	20	40	40
Jan-00			

<b>Rail Car 'Auction' Offerings</b>				
Delivery for:	Sep-99		Nov-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	9,500	100%	12,175	52%
<b>UP-GCAS</b>	5,400	92%	5,400	14%
Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com				

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	<b>Delivery Period</b>			
	Aug-99	Oct-99	Nov-99	Dec-99
BNSF-GF	\$118	\$96	\$32	\$11
CP-GEEP	\$95	\$65		
UP-Pool	\$86	\$198	\$103	\$46

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Sep-99	Oct-99	Nov-99
COT/N. Grain	sold out	\$73	\$21
COT/S. Grain	sold out	\$65	\$25
GCAS/Region 2	no offer	\$147	\$37
GCAS/Region 4	no offer	\$107	\$19

Source: T&M/AMS/USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com), (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values\***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
8/13/99	St. Louis	nwk	260
	Mid Miss	twk/nwk	260
	OTCT	twk/nwk	200

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week

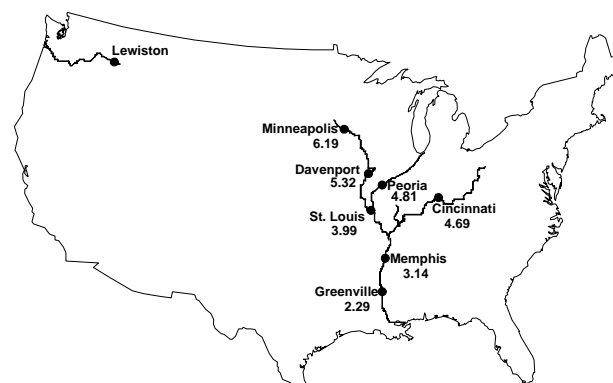
nwk=next week

OTCT=Osceala (Ark) Thru Cairo Terms

**Southbound Barge Freight Spot Rates**

	8/11/99	8/4/99	Sept. '99	Nov. '99
Twin Cities	288	303	309	306
Mid-Mississippi	258	268	274	203
Illinois River	211	239	266	192
St. Louis	170	166	220	168
Lower Ohio	178	176	261	179
Cairo-Memphis	171	174	220	162

Source: Transportation &amp; Marketing /AMS/USDA

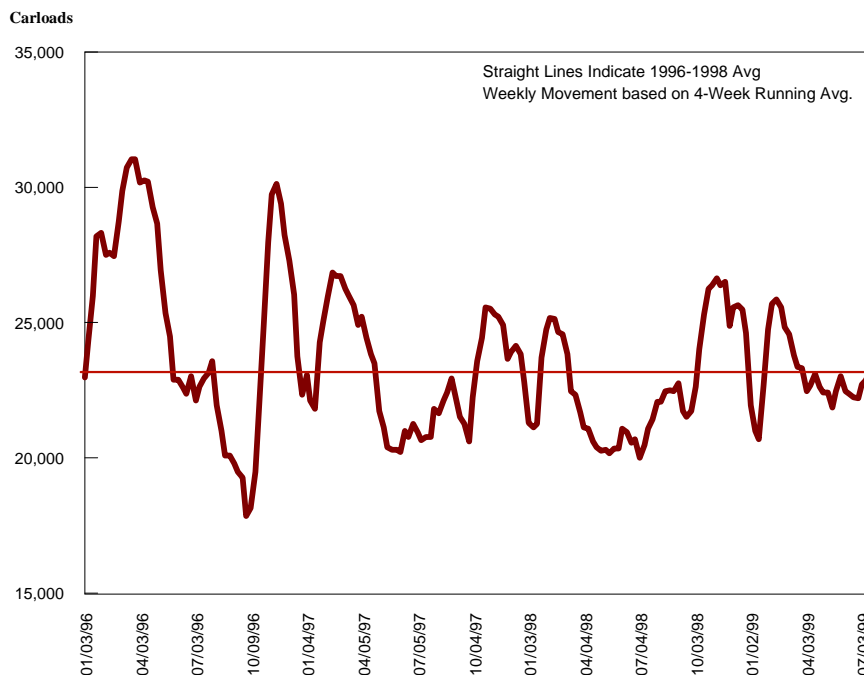
**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
7/24/99	24,249
7/31/99	27,134
8/7/99	25,851
Year to Date - 1999	733,216
Year to Date - 1998**	680,225
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: Association of American Railroads	

\*\*1998 - 52 weeks

\* 1997 - 53 weeks



## Class I Rail Carrier Grain Car Bulletin

Carloads

		<u>East</u>			<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
08/07/99	0	2,261	1,712	2,787	10,073	879	8,139	2,145	4,558
This Week Last Year	924	1,400	1,813	2,221	8,148	775	6,558	1,580	3,472
1999 YTD	15,522	76,004	50,891	82,464	252,852	21,427	234,056	68,317	118,099
1998 YTD*	21,837	71,911	46,730	78,074	246,205	19,592	195,876	69,758	125,908
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

\*\*1998 - 52 weeks

\* 1997 - 53 weeks

## Tariff Rail Rates for Unit Train Shipments

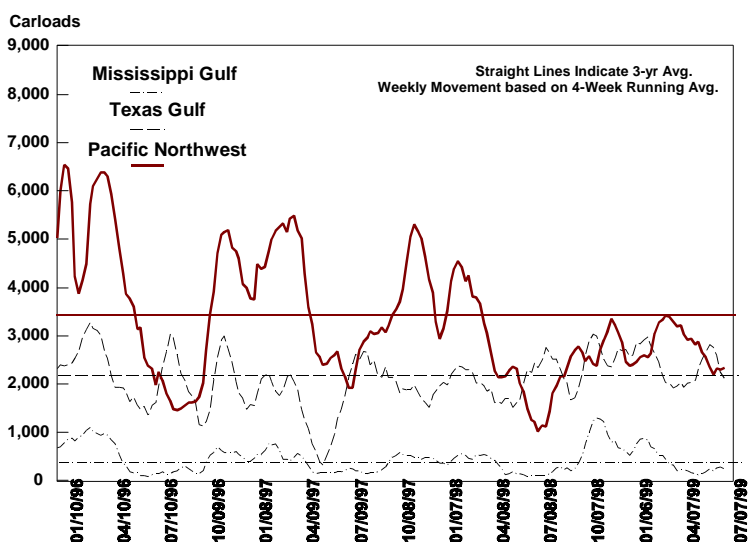
August 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
08/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$23.70	\$0.65
08/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$48.96	\$1.33
08/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$20.39	\$0.56
08/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$50.75	\$1.38
08/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$46.35	\$1.26
08/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,951	\$32.53	\$0.83
08/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$34.17	\$0.87
08/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,526	\$27.84	\$0.71
08/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,480	\$38.36	\$1.04
08/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,180	\$35.05	\$0.95
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

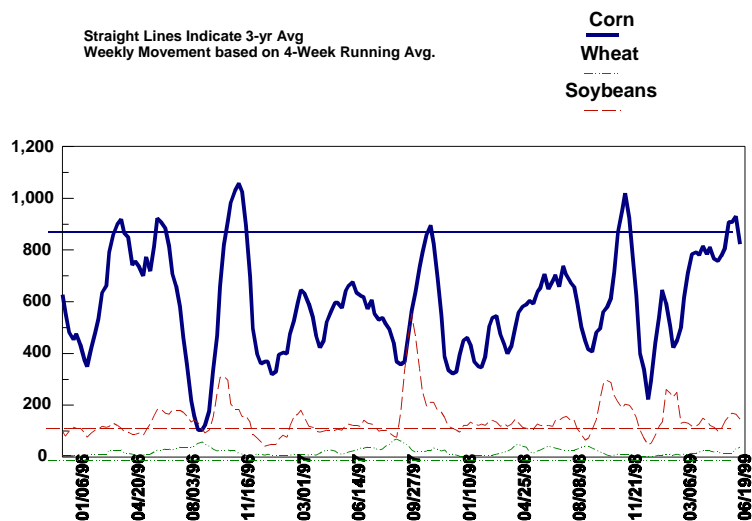
<b>Rail Deliveries to Port</b>				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
06/30/99	391	2,204	2,544	15
07/07/99	351	1,760	2,153	145
07/14/99	203	2,256	2,168	119
07/21/99	243	2,489	2,304	459
07/28/99	362	2,415	2,464	162
08/04/99	512	2,859	2,936	147
YTD 1999	12,285	74,762	84,761	8,180
YTD 1998	9,634	64,553	82,480	6,608
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147
Source: Transportation & Marketing/AMS/USDA				

**Rail Deliveries to Port**

Note:\* Corrected data.

**Barge Movements - Locks 27**

1,000 Tons

Straight Lines Indicate 3-yr Avg  
Weekly Movement based on 4-Week Running Avg.**Barge Grain Movements**

for week ending 8/7/99

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	608	12	98	718
Winfield, MO (L25)	648	14	105	768
Alton, IL (L26)	850	17	253	1,120
Granite City, IL (L27)	819	26	243	1,130
Illinois River (L8)	252	13	157	421
Ohio (L52)	20	16	9	82
Arkansas (L1)	0	65	0	65
1999 YTD	22,439	1,753	4,573	30,589
1998 YTD	16,900	1,437	4,517	24,724
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

Miss. Lock 27 main chamber closed for repairs until July 25.

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
08/05/99	1,602	339	839	401	213	3,394	9,518	3,728	16,640
This Week Year Ago	1,573	454	1,139	908	234	4,308	7,439	3,131	14,878
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	2,380	699	870	518	140	4,607	45,503	21,277	71,387
97/98 YTD	2,290	356	1,110	526	115	4,397	34,112	17,713	56,222
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date ([www.fas.usda.gov](http://www.fas.usda.gov)) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
08/12/99	270	101	0	79	796	283	172	0	14
1999 YTD	6,230	5,415	422	4,221	22,110	8,032	4,929	460	747
1998 YTD *	5,318	3,306	402	3,085	16,795	8,103	4,227	243	620
% of Last Year	57%	124%	65%	84%	71%	54%	68%	82%	54%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

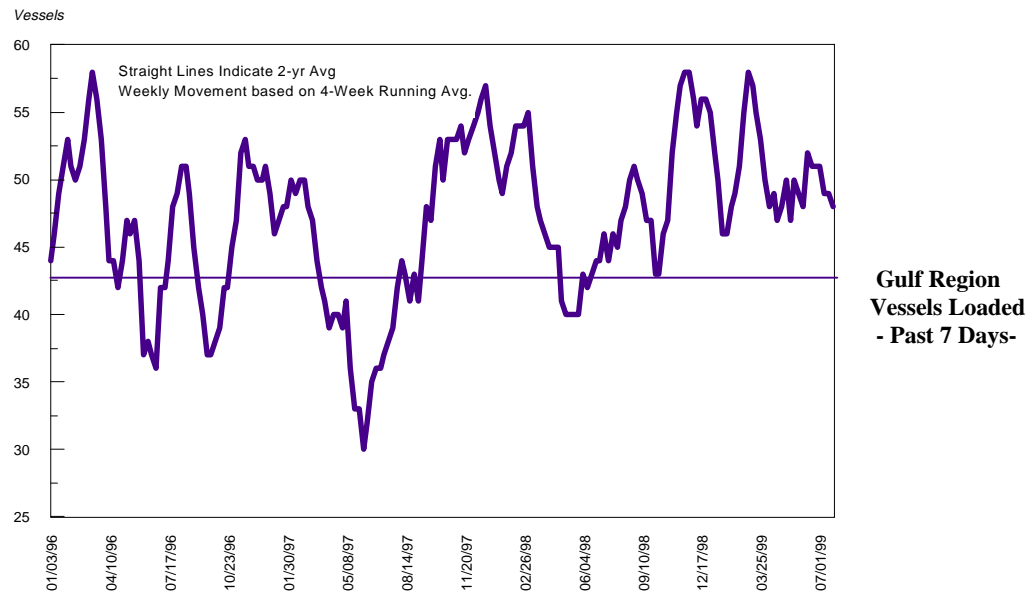
Source: Federal Grain Inspection Service \* YTD-Year-to-Date (\*98 = 53 week period)

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 08/12/99			
Vancouver	148	68	9
Prince Rupert	0	0	0
Prairie Direct	26	8	7
Thunder Bay	40	0	3
St. Lawrence	39	45	0
1999YTD Exports	253	121	18
1998 YTD Exports	166	99	1
% of Last Year	152%	122%	1800%

Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\*  
YTD-Year-to-Date Crop Year 8/1-7/31

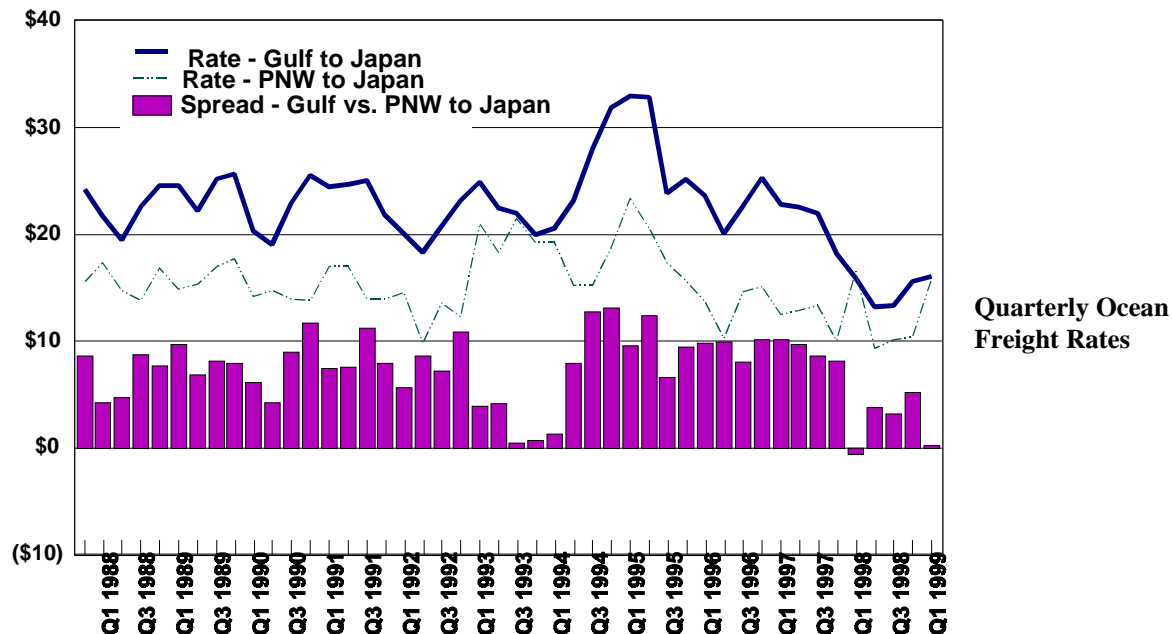


### Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
08/05/99	32	56	67	11			8	5	0
08/12/99	35	51	73	10			8	10	3
1998 Range	(19..62)	(34..64)	(40..93)				(1..16)	(3..14)	(0..10)
1997 Range	(11..52)	(25..61)	(31..89)						
1998 Avg	40	48	61				9	9	3
1997 Avg	33	45	58						
1996 Avg	38	46	62						

Source: Transportation & Marketing /AMS/ USDA

## US\$/Metric Ton



## Quarterly Ocean Freight Rates

Average Rates &amp; Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 2 <sup>nd</sup> Qtr	1998 2 <sup>nd</sup> Qtr	% Change		1999 2 <sup>nd</sup> Qtr	1998 2 <sup>nd</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$16.08	\$15.93	1%	Japan	\$15.83	\$16.49	-4%
Mexico	\$22.45	\$12.42	81%	Red Sea/ Arabian Sea	\$45.80		
Venezuela	\$13.91	\$12.27	13%				
N. Europe	\$12.28	\$9.36	31%	<b>Argentina to</b>			
N. Africa	\$17.80	\$12.83	39%	N. Europe	\$23.92	\$13.13	82%
				Japan	\$20.82	\$18.55	12%

Source: Transportation &amp; Marketing/AMS/USDA

## Ocean Freight Rates (Select Locations) - week ending 08/14/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Duluth	Morocco	Heavy Grain	August	18,000	\$22.50
Gulf	Venezuela	Corn	August	25,000	\$10.75
Gulf	Egypt	Wheat	August	55,000	\$12.50
Gulf	Saudi Arabia	Heavy Grain	August	60,000	\$16.50
Gulf	Philippines	Heavy Grain	August	55,000	\$18.40
Gulf	Taiwan	Heavy Grain	September	54,000	\$18.25
Gulf	No. Korea	Corn	Aug./Sept.	33,000	\$24.75
Gulf	Japan	Heavy Grain	September	54,000	\$18.50
R. Plate & Brazil	Italy (Adriatic)	Grains	August	45,000	\$18.44
Northern Europe	China	Rapeseed	Spot	30,000	\$25.25

Source: Maritime Research Inc.